

**2004 ANNUAL REPORT**

A photograph of a worker in a hard hat and safety vest, focused on a large industrial machine. The worker is wearing a white tank top and dark pants. The machine is a large, complex piece of equipment with a prominent vertical structure. The background is a blurred industrial setting with blue and yellow lighting.

# Focused

**CHESAPEAKE ENERGY CORPORATION**

# Focused On

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Natural Gas

Organic Growth

Acquisition Growth

Exploration

Employees

Stewardship



# 10 Years of Achievement

Years ended Dec. 31

<b>FINANCIAL DATA</b> (\$ in thousands, except per share data)	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Oil and gas sales	\$ 1,936,176	\$ 1,296,822	\$ 568,187	\$ 820,318
Oil and gas marketing sales	773,092	420,610	170,315	148,733
Oil and gas service operations	—	—	—	—
Total revenues	2,709,268	1,717,432	738,502	969,051
Production expenses	204,821	137,583	98,191	75,374
Production taxes	103,931	77,893	30,101	33,010
General and administrative:				
Excluding stock-based compensation	32,217	22,808	17,262	13,649
Stock-based compensation	4,828	945	356	800
Oil and gas marketing expenses	755,314	410,288	165,736	144,373
Oil and gas depreciation, depletion and amortization	582,137	369,465	221,189	172,902
Depreciation and amortization of other assets	29,185	16,793	14,009	8,663
Provision for legal settlements	4,500	6,402	—	—
Impairment of oil and gas properties	—	—	—	—
Impairment of other assets	—	—	—	—
Oil and gas service operations	—	—	—	—
Total operating costs	1,716,933	1,042,177	546,844	448,771
Income (loss) from operations	992,335	675,255	191,658	520,280
Interest and other income	4,476	2,827	7,340	2,877
Interest expense	(167,328)	(154,356)	(112,031)	(98,321)
Miscellaneous gains (losses)	(24,557)	(22,774)	(19,827)	(63,138)
Total other income (expense)	(187,409)	(174,303)	(124,518)	(158,582)
Income (loss) before income taxes and cumulative effect of accounting change	804,926	500,952	67,140	361,698
Income tax expense (benefit):				
Current	—	5,000	(1,822)	3,565
Deferred	289,771	185,360	28,676	140,727
Net income (loss) before cumulative effect of accounting change, net of tax	515,155	310,592	40,286	217,406
Cumulative effect of accounting change, net of tax	—	2,389	—	—
<b>Net income (loss)</b>	<b>515,155</b>	<b>312,981</b>	<b>40,286</b>	<b>217,406</b>
Preferred stock dividends	(39,506)	(22,469)	(10,117)	(2,050)
Gain (loss) on redemption of preferred stock	(36,678)	—	—	—
<b>Net income (loss) available to common shareholders</b>	<b>\$ 438,971</b>	<b>\$ 290,512</b>	<b>\$ 30,169</b>	<b>\$ 215,356</b>
<b>Earnings per common share – basic:</b>				
Income (loss) before cumulative effect of accounting change	\$ 1.73	\$ 1.36	\$ 0.18	\$ 1.33
Cumulative effect of accounting change	—	0.02	—	—
<b>EPS - basic</b>	<b>\$ 1.73</b>	<b>\$ 1.38</b>	<b>\$ 0.18</b>	<b>\$ 1.33</b>
<b>Earnings per common share – assuming dilution:</b>				
Income (loss) before cumulative effect of accounting change	\$ 1.53	\$ 1.20	\$ 0.17	\$ 1.25
Cumulative effect of accounting change	—	0.01	—	—
<b>EPS - assuming dilution</b>	<b>\$ 1.53</b>	<b>\$ 1.21</b>	<b>\$ 0.17</b>	<b>\$ 1.25</b>
Cash dividends declared per common share	\$ 0.17	\$ 0.135	\$ 0.06	—
<b>OTHER FINANCIAL DATA</b>				
<b>Cash flow from operations</b>				
Cash provided by operating activities (GAAP)	\$ 1,448,555	\$ 945,602	\$ 432,531	\$ 553,737
Operating cash flow (non-GAAP)	1,418,803	903,929	412,517	518,563
<b>Balance Sheet Data</b> (at end of period):				
Total assets	\$ 8,244,509	\$ 4,572,291	\$ 2,875,608	\$ 2,286,768
Long-term debt, net of current maturities	3,075,109	2,057,713	1,651,198	1,329,453
Stockholders' equity (deficit)	3,162,883	1,732,810	907,875	767,407
<b>OPERATING DATA</b>				
Gas reserves (mmcf)	4,373,989	2,860,040	1,979,601	1,599,386
Oil reserves (mbbls)	87,960	51,422	37,587	30,093
Reserves in equivalent million cubic feet	4,901,751	3,168,575	2,205,125	1,779,946
Reserves in equivalent thousand barrels	816,959	528,095	367,521	296,658
Future net revenues undiscounted (\$ in thousands)	\$ 19,584,358	\$ 13,074,018	\$ 6,758,869	\$ 2,966,032
Future net revenues discounted at 10% (\$ in thousands)	\$ 10,504,390	\$ 7,333,142	\$ 3,717,645	\$ 1,646,667
Gas price used in reserve report (per mcf)	\$ 5.65	\$ 5.68	\$ 4.28	\$ 2.51
Oil price used in reserve report (per bbl)	\$ 39.91	\$ 30.22	\$ 30.18	\$ 18.82
Gas production (mmcf)	322,009	240,366	160,682	144,171
Oil production (mbbls)	6,764	4,665	3,466	2,880
Production in equivalent million cubic feet	362,593	268,356	181,478	161,451
Production in equivalent thousand barrels	60,432	44,726	30,246	26,909
Average gas sales price (per mcf) <sup>1</sup>	\$ 5.29	\$ 4.85	\$ 3.54	\$ 4.56
Average oil sales price (per bbl) <sup>1</sup>	\$ 28.33	\$ 25.85	\$ 25.22	\$ 26.92
Average gas equivalent sales price (per mcfe) <sup>1</sup>	\$ 5.23	\$ 4.79	\$ 3.61	\$ 4.56

<sup>1</sup>Excludes unrealized gains (losses) on oil and gas hedging.

6 months ended Dec. 31

Years ended June 30

2000	1999	1998	1997	1997	1996	1995	1994
\$ 470,170	\$ 280,445	\$ 256,887	\$ 95,657	\$ 192,920	\$ 110,849	\$ 56,983	\$ 22,404
157,782	74,501	121,059	58,241	76,172	28,428	—	—
—	—	—	—	—	6,314	8,836	6,439
627,952	354,946	377,946	153,898	269,092	145,591	65,819	28,843
50,085	46,298	51,202	7,560	11,445	6,340	3,379	2,141
24,840	13,264	8,295	2,534	3,662	1,963	877	1,506
12,938	13,477	19,918	5,847	8,802	4,828	3,578	3,135
239	—	—	—	—	—	—	—
152,309	71,533	119,008	58,227	75,140	27,452	—	—
101,291	95,044	146,644	60,408	103,264	50,899	25,410	8,141
7,481	7,810	8,076	2,414	3,782	3,157	1,765	1,871
—	—	—	—	—	—	—	—
—	—	826,000	110,000	236,000	—	—	—
—	—	55,000	—	—	—	—	—
—	—	—	—	—	4,895	7,747	5,199
349,183	247,426	1,234,143	246,990	442,095	99,534	42,756	21,993
278,769	107,520	(856,197)	(93,092)	(173,003)	46,057	23,063	6,850
3,649	8,562	3,926	78,966	11,223	3,831	1,524	981
(86,256)	(81,052)	(68,249)	(17,448)	(18,550)	(13,679)	(6,627)	(2,676)
—	—	(13,334)	—	(6,620)	—	—	—
(82,607)	(72,490)	(77,657)	61,518	(13,947)	(9,848)	(5,103)	(1,695)
196,162	35,030	(933,854)	(31,574)	(186,950)	36,209	17,960	5,155
—	—	—	—	—	—	—	—
(259,408)	1,764	—	—	(3,573)	12,854	6,299	1,250
455,570	33,266	(933,854)	(31,574)	(183,377)	23,355	11,661	3,905
—	—	—	—	—	—	—	—
455,570	33,266	(933,854)	(31,574)	(183,377)	23,355	11,661	3,905
(8,484)	(16,711)	(12,077)	—	—	—	—	—
6,574	—	—	—	—	—	—	—
\$ 453,660	\$ 16,555	\$ (945,931)	\$ (31,574)	\$ (183,377)	\$ 23,355	\$ 11,661	\$ 3,905
\$ 3.52	\$ 0.17	\$ (9.97)	\$ (0.45)	\$ (2.79)	\$ 0.43	\$ 0.22	\$ 0.08
—	—	—	—	—	—	—	—
\$ 3.52	\$ 0.17	\$ (9.97)	\$ (0.45)	\$ (2.79)	\$ 0.43	\$ 0.22	\$ 0.08
\$ 3.01	\$ 0.16	\$ (9.97)	\$ (0.45)	\$ (2.79)	\$ 0.40	\$ 0.21	\$ 0.08
—	—	—	—	—	—	—	—
\$ 3.01	\$ 0.16	\$ (9.97)	\$ (0.45)	\$ (2.79)	\$ 0.40	\$ 0.21	\$ 0.08
—	—	\$ 0.04	\$ 0.04	\$ 0.02	—	—	—
\$ 314,640	\$ 145,022	\$ 94,639	\$ 139,157	\$ 84,089	\$ 120,972	\$ 54,731	\$ 19,423
305,804	138,727	117,500	67,872	161,140	88,431	45,903	15,527
\$ 1,440,426	\$ 850,533	\$ 812,615	\$ 952,784	\$ 949,068	\$ 572,335	\$ 276,693	\$ 125,690
944,845	964,097	919,076	508,992	508,950	268,431	145,754	47,878
313,232	(217,544)	(248,568)	280,206	286,889	177,767	44,975	31,260
1,212,033	1,056,826	955,791	339,118	298,766	351,224	211,808	117,066
23,797	24,795	22,593	18,226	17,373	12,258	5,116	4,154
1,354,813	1,205,595	1,091,348	448,474	403,004	424,775	242,505	141,992
225,802	200,933	181,891	74,746	67,167	70,795	40,417	23,665
\$ 10,702,974	\$ 1,891,175	\$ 1,208,641	\$ 715,098	\$ 611,954	\$ 795,600	\$ 274,900	\$ 209,795
\$ 6,046,028	\$ 1,089,496	\$ 660,991	\$ 466,509	\$ 437,386	\$ 547,016	\$ 188,137	\$ 141,249
\$ 10.12	\$ 2.25	\$ 1.68	\$ 2.29	\$ 2.12	\$ 2.41	\$ 1.60	\$ 1.98
\$ 26.41	\$ 24.72	\$ 10.48	\$ 17.62	\$ 18.38	\$ 20.90	\$ 17.41	\$ 18.27
115,771	108,610	94,421	27,326	62,005	51,710	25,114	6,927
3,068	4,147	5,976	1,857	2,770	1,413	1,139	537
134,179	133,492	130,277	38,468	78,625	60,190	31,947	10,152
22,363	22,249	21,713	6,411	13,104	10,031	5,325	1,692
\$ 3.36	\$ 1.97	\$ 1.92	\$ 2.24	\$ 2.18	\$ 1.66	\$ 1.48	\$ 2.06
\$ 26.39	\$ 16.01	\$ 12.70	\$ 18.59	\$ 20.93	\$ 17.85	\$ 17.36	\$ 15.09
\$ 3.50	\$ 2.10	\$ 1.97	\$ 2.49	\$ 2.45	\$ 1.84	\$ 1.78	\$ 2.21



**Natural Gas. Natural Advantages.**

# Natural Gas



**Chesapeake Energy Corporation is the fourth largest independent producer of natural gas in the U.S. Headquartered in Oklahoma City, Oklahoma, the company's operations are focused on exploratory and developmental drilling and property acquisitions in the Mid-Continent, Permian Basin, South Texas, Texas Gulf Coast and Ark-La-Tex regions of the United States. The company owns interests in approximately 20,000 producing oil and gas wells and has a proved oil and natural gas reserve base of 5.4<sup>(1)</sup> tcf – 90% of which is natural gas.**

- **Chesapeake was among the top financial and operating performers among exploration and production companies in 2004.**
- **Chesapeake is the most active driller of new wells in the U.S., currently utilizing 75 drilling rigs to generate expected 2005 organic growth of approximately 10%.**
- **Chesapeake has delivered annual average production growth of 28% and annual average proved reserves growth of 38% during the past four years.**
- **In 2004, Chesapeake's revenues increased by 58% to \$2.7 billion and net income to common shareholders increased 51% to \$439 million.**
- **Total return to common shareholders in 2004 reached 23%, increasing total return to common shareholders to almost 1,600% for the 12 years since our IPO in 1993.**

(1) Pro forma for 2005 acquisitions announced through 4/15/05



# Letter to Shareholders

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CHESAPEAKE ENERGY CORPORATION ANNUAL REPORT 2004



**“We have remained focused on creating shareholder value through the successful execution of a clear and concise business strategy.”**

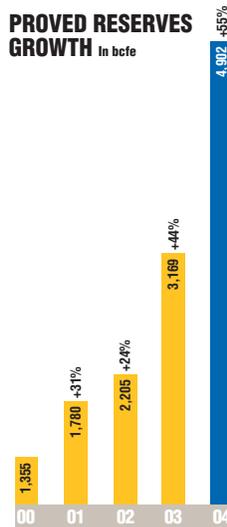
**FOCUSED.** We believe this word best describes Chesapeake. Despite the rapid growth of our company during the past seven years from a struggling small-cap, with a \$1 billion enterprise value, to a successful industry leader with an \$11 billion enterprise value, we have remained focused on creating shareholder value through the successful execution of a clear and concise business strategy. This strategy focuses on achieving the following results:

- BUILDING one of the nation's largest natural gas resource bases;
- GENERATING double-digit annual organic growth through the drillbit;
- CREATING double-digit annual acquisition growth through regional consolidation of assets;
- DISCOVERING deep conventional natural gas reserves and shallower unconventional natural gas reserves;
- ATTRACTING and motivating many of the best employees in the industry; and
- PROVIDING responsible stewardship of our environment and active leadership in the communities where we operate.

## 2004 IN REVIEW

As evidence of the success of Chesapeake's business strategy, we would like to highlight the company's operational and financial achievements of 2004. In doing so, we also extend our appreciation to the company's 1,900 employees for helping deliver Chesapeake's terrific performance during the past year. Highlights of 2004 include:

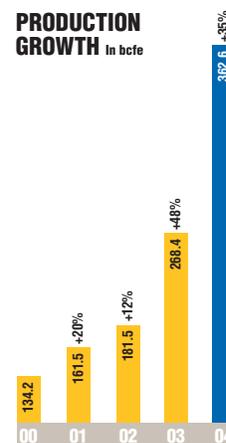
- Oil and natural gas production increased 35% from 268 bcf to 363 bcf;
- Proved oil and natural gas reserves increased 55% from 3,169 bcf to 4,902 bcf;
- Revenues rose 58% from \$1.72 billion to \$2.71 billion;
- Ebitda\* increased 52% from \$1.04 billion to \$1.58 billion;
- Operating cash flow\*\* grew 57% from \$904 million to \$1.42 billion;



\*Ebitda is a non-GAAP measure that represents net income before the cumulative effect of accounting changes, income tax expense, interest expense and depreciation, depletion and amortization expense.

\*\* Operating cash flow is a non-GAAP measure that represents net cash provided by operating activities before changes in assets and liabilities.

- Net income to common shareholders increased 51% from \$291 million to \$439 million;
- Reserve replacement for the year reached 578% at a drilling and acquisition cost of only \$1.21 per mcf; and
- Total return to common shareholders reached 23%, improving our total return to common shareholders to almost 1,600% for the 12 years since our IPO in 1993.



As a result of the company's 2004 achievements, Chesapeake has become the fourth largest independent producer of U.S. natural gas, producing 2% of the nation's natural gas from our interests in 20,000 wells. In 2005, we again expect to lead the industry in drilling activity, utilizing about 6% of the nation's active drilling rig fleet to drill more than 1,000 new wells. Moreover, we expect to increase our production by at least 20% in 2005 and, in doing so, expect to become the third largest independent producer of U.S. natural gas.

This industry-leading drilling campaign requires the great people and great geological prospects that Chesapeake has in abundance. We are constantly energized by the role Chesapeake plays in meeting our country's increasing need for clean-burning, domestically-produced natural gas. We firmly believe the building blocks of future success are in place and should help make 2005 another very rewarding year for Chesapeake's shareholders.

## BENEFITS OF A FOCUSED STRATEGY

Achieving and maintaining focus in any business is difficult, especially when the business has grown as rapidly as ours. Greater size often brings reduced focus as many exploration and production (E&P) companies discover their existing strategies require ongoing modification to accommodate increasing scale. This seemingly natural response too often results in operational mediocrity rather than in the operational excellence that we strive to achieve.



**"...we expect to increase our production by at least 20% in 2005, and in doing so, expect to become the third largest independent producer of U.S. natural gas."**



At Chesapeake, we are discovering the company's rapidly increasing scale is actually enhancing our operational and financial returns rather than inhibiting them. While somewhat counter-intuitive, we have achieved these enhanced returns by remaining focused on the following six key drivers of the company's strategy.

### FOCUSED ON NATURAL GAS

The easiest way to understand Chesapeake is to recognize our single-minded focus over the past seven years on finding and producing the cleanest-burning hydrocarbon in the world – natural gas. Back in 1998 and early 1999, when gas was exceptionally cheap (frequently selling for less than \$1.25 per mcf), most industry and government observers predicted that the U.S. gas market would increase from 22 tcf to 30 tcf per year by 2010 and that gas prices would remain low.

After examining the fundamentals of North American natural gas, we concluded these predictions were unlikely to come true and began repositioning the company to pursue a contrarian strategy based on the following beliefs:

- gas production depletion rates would accelerate;
- finding, development and operating costs would increase;
- natural gas demand would gradually move away from more cost-sensitive industrial demand to less cost-sensitive power generation demand; and
- U.S. natural gas production would soon reach a peak from which there could be no recovery, regardless of higher prices or improved technology.

To recognize these trends, we first studied U.S. oil production history and became convinced that U.S. natural gas production would likely follow a similar bell-shaped curve of ramping up to a historic peak (1970 for oil, 2000 for natural gas) and then beginning a slow but steady decline thereafter. We also reasoned the major oil companies

would begin withdrawing from the search for increasingly scarce natural gas reserves in the U.S. and refocus their natural gas strategies on building global natural gas franchises around more abundant worldwide gas reserves that could be transformed into liquefied natural gas (LNG).

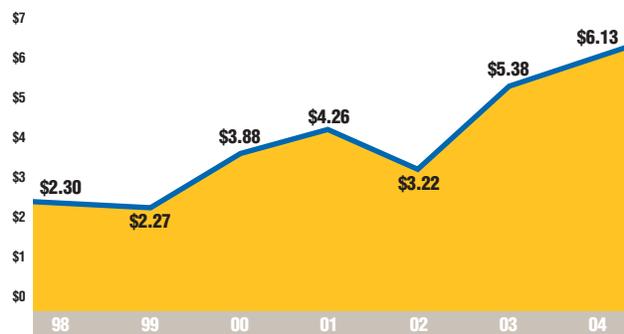
As the majors began de-emphasizing their search for new gas reserves in the U.S., we felt certain the 35% of U.S. gas production the majors represented would decline at a rate that would surprise many industry observers. It also seemed clear to us the smaller independent E&P companies would not be able to increase their own natural gas production enough to overcome the majors' production declines.

Accordingly, we decided that Chesapeake should adopt four objectives that would provide first-mover advantages if our theories proved correct:

- acquire all of the existing natural gas production and reserves that we could afford;
- lease all the potentially gas productive acreage that we could identify;
- hire all of the talented landmen, geoscientists and engineers that we could find; and
- regionally consolidate onshore in the southwestern U.S., the source of 50% of the nation's natural gas production.

Over the past seven years, we have accomplished all these objectives. Meanwhile, gas prices have risen to levels nearly 500% greater than they were in 1998 and early 1999. More importantly, natural gas demand still exceeds supply and continued natural gas price strength is likely for years to come. As a result of anticipating these trends and developing a first-mover strategy to take advantage of them, Chesapeake is very well-prepared to prosper in the years ahead.

**AVERAGE YEARLY NYMEX NATURAL GAS PRICES** Per mcf



**“...natural gas demand still exceeds supply and continued natural gas price strength is likely for years to come... Chesapeake is very well-prepared to prosper in the years ahead.”**

## FOCUSED ON ORGANIC GROWTH

We believe the best way to create value in the natural gas industry is to grow production organically, often referred to as “growing through the drillbit.” Given the nation’s ongoing natural gas production declines, growing through the drillbit has obviously proven challenging in the increasingly mature U.S. gas producing regions. However, because growing through the drillbit is potentially much more rewarding than growing through acquisitions, Chesapeake maintains a primary focus on organic growth and has built a drilling machine that is unequalled in the industry.

Chesapeake manages its growth strategies by attempting to balance growth through the drillbit with growth through strategic acquisitions. In 2004, for example, our organic growth was an industry-leading 20% and our growth through acquisitions was an excellent 15%. Most impressively, we generated this strong growth in an industry marking its fourth consecutive year of U.S. natural gas production declines.

How did Chesapeake lead the industry in organic growth in 2004? It was a combination of anticipation, preparation and execution. We correctly determined in 1998 and early 1999 the future would reward companies that anticipated the unfolding U.S. gas production shortfall. We then prepared for the opportunity by making acquisitions of producing properties and companies, by building a portfolio of more than 7,000 drillsites (that provide an approximate seven-year inventory of future growth opportunities) and by hiring more than 300 of the most talented landmen, geoscientists and engineers we could find (thereby quadrupling our human capital in the three major technical disciplines of the E&P industry).

We successfully executed this focused strategy and the proof is in our results – during the past four years, Chesapeake’s annual organic growth has averaged an industry-leading 14% and our stock price has increased by approximately 150%. For those companies only now realizing the opportunities our industry offers today, it would be impossible to duplicate what Chesapeake has built over the past seven years. This is particularly true in Oklahoma, the third largest gas producing state in the U.S. In just seven years, we have moved from fifth to first in natural gas production in Oklahoma and we are proud to say our gas production market share of 19% is the largest of any company in any major gas producing state.



## FOCUSED ON ACQUISITIONS

Our focused acquisition strategy fits hand-in-glove with our focused organic growth strategy. Over time, we have learned that successful drilling creates significant acquisition opportunities and in turn, successful acquisitions create attractive drilling opportunities.

Chesapeake’s integrated approach to acquisitions is enhanced by our very tight focus on the geography and size of the assets we acquire. With regard to geography, we only acquire properties that are located onshore in the southwestern U.S., comprised of Oklahoma, Texas, New Mexico, Louisiana, Kansas and Arkansas. These contiguous states collectively produce about 50% of the nation’s natural gas. They also generally promote a PIMBY (Please In My Backyard) business environment, rather than the NIMBY (Not In My Backyard) attitude often found in other regions of the U.S. Furthermore, they offer reserve life profiles, operating costs and drilling upside that we know and understand as well as anyone in the industry.

In addition, even though the company has grown ten-fold in the past seven years, we have remained focused on acquisitions of less than \$600 million. Acquisitions of this size are easier to assimilate, have less execution risk and have traditionally offered more attractive value than bigger transactions. While we may someday find an attractive acquisition of greater scale, we intend to stay primarily focused on the small-to-medium sized deals that have worked so well for us to date. Having completed more than \$5.4 billion of acquisitions over the past seven years, mainly in 48 transactions



**“In 2004... our organic growth was an industry-leading 20% and our growth through acquisitions was an excellent 15%. Most impressively, we generated this strong growth in an industry marking its fourth consecutive year of U.S. natural gas production declines.”**



## Growth in a \$100 Investment

February 4, 1993 (CHK IPO date) through March 31, 2005

**Chesapeake \$1,645.50**

Peers\* \$929.89 **CHK Outperforms by 77%**

Dow Jones \$307.42 **CHK Outperforms by 435%**

NASDAQ \$282.04 **CHK Outperforms by 483%**

S&P \$262.61 **CHK Outperforms by 527%**

\* Peers = APA, APC, BR, COG, DVN, EOG, FST, KMG, NBL, NFX, PPP, PXD, VPI, XTO

between \$10 million and \$600 million, we have confidence that more acquisitions in that range will remain an attractive aspect of our business strategy.

## FOCUSED ON EXPLORATION

For much of the past 20 years, the E&P industry has been a tough place to make a living. The industry has been handicapped by low prices, accelerating depletion rates, increasing finding costs, a shrinking labor pool, rising environmental opposition and more costly governmental regulations. It is a wonder the industry survived at all. Not surprisingly, investors ignored the E&P industry, choosing instead to focus their investments on energy-consuming industries that were the beneficiaries of our industry's tough times.

Today's E&P industry is comprised of a relatively small number of resilient companies that survived through a long period of low oil and natural gas prices by being financially and operationally conservative. We believe this conservatism has caused many of our peers to be overly cautious in increasing drilling activity in response to prices that have risen steadily during the past seven years. For example, even though oil and natural gas prices have increased six-fold from their 1998 and early 1999 lows, drilling activity has increased by less than three-fold.

As a consequence, U.S. natural gas production in 2004 decreased for the fourth consecutive year. Perhaps more worrisome, the industry has been trending away from searching for new gas reserves through exploratory drilling in favor of drilling infill wells that are designed to drain known gas reserves more quickly. This trend reflects a natural reaction to an extended period of low oil and natural gas prices and a common skepticism about the longevity of today's higher prices. "Harvest it while you can before prices decline again" is still a view widely held by industry management, analysts and investors.

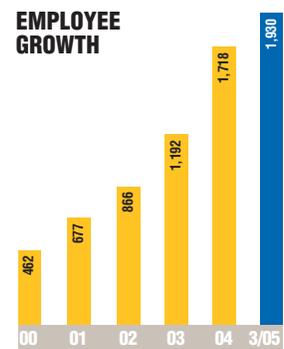
On the other hand, Chesapeake has adopted a different approach. We have invested more than \$1.3 billion in acquiring leasehold and 3-D seismic information during the past four years, enabling our employees to develop large numbers of developmental and exploratory drilling prospects from the largest onshore inventories of 3-D seismic and leasehold in the industry.

Some of our exploration opportunities target deep natural gas reservoirs at depths of 15,000-23,000 feet, while others test various unconventional gas resource ideas. Successful exploration has been a key reason for our ability to generate industry-leading organic growth rates of 18% in 2003 and 20% in 2004. We are optimistic the projects targeted for exploratory drilling in 2005 will be successful and will enable us to exceed our projected organic growth rate of 10%.

## FOCUSED ON EMPLOYEES

Another key ingredient of Chesapeake's success has been the investment we have made in strengthening our employee talent pool. Seven years ago, when we overhauled the company's business strategy, we identified the elements coming together for stronger oil and natural gas prices and began to build the foundation of natural gas assets and drilling upside that characterize the company today.

To accomplish these goals, we recognized we would need a deeper and broader pool of employee talent and over the past seven years, we have increased the number of our employees from 500 to 1,900. Approximately 1,600 work in our E&P operations while another 300 work in our midstream gas and drilling rig subsidiaries. We have primarily focused on strengthening our land, geoscience and engineering departments, areas where we anticipated shortages of skilled labor would become increasingly acute as the industry began ramping up drilling activity in reaction to higher prices.



A particular focus of Chesapeake's hiring during the past few years has been the identification of young talent and our success in attracting them to join our rapidly growing company. Since the industry's last hiring boom of the late 1970's and early 1980's, there have been very few reasons for young people to join this industry. In most E&P companies today, the average age of senior landmen, geoscientists and engineers is over 50, making our industry one of the oldest in the country.



**"A particular focus of Chesapeake's hiring during the past few years has been the identification of young talent and our success in attracting them to join our rapidly growing company."**

During the next 10-15 years, when we believe the U.S. and the world will increasingly struggle to meet rising energy needs, 75% of the industry's technical talent will reach retirement age, potentially creating a serious vacuum of talent. Further exacerbating this disturbing demographic trend, very few young people across the country are aware of the abundant opportunities available in the E&P industry today and of the favorable future supply/demand trends for oil and natural gas that should make their jobs rewarding for many years to come.

Therefore, in addition to continuing to hire experienced industry professionals, we have also focused on attracting younger workers. We believe the combination of the two age groups adds to the high energy level on our headquarters' campus in Oklahoma City. To help attract and retain our new employees, we have built facilities that encourage them to first join our company and then increase their productivity while here.

The first of these facilities is *The Wildcat*, the on-campus restaurant for Chesapeake employees and their guests (and we might add, for shareholders if you visit us). *The Wildcat* offers a great variety of nutritionally-balanced, affordable meals for our Oklahoma City-based employees.

We have also opened *The Health Club*, a 40,000 square foot state-of-the-art employee health facility in Oklahoma City. This very popular building won a national design award last year and is the centerpiece of our efforts to help enable employees to work more productively by improving their fitness. We are proud of *The Wildcat* and *The Health Club* and believe they have helped build and retain a workforce that is among the most talented and productive in the industry.



## FOCUSED ON STEWARDSHIP

As part of our business strategy, we have also become an important source of good stewardship in the communities where we conduct business. In these communities, we are active philanthropically and operate in an environmentally responsible manner, producing the most environmentally attractive fuel in the nation's energy mix.

Most importantly, we have been good stewards of your financial investments with us, as evidenced by the company's second place ranking in creating shareholder value among mid- and large-cap E&P companies in the 12 years since our IPO. Beyond our primary stewardship obligations to you, we are also stewards of many other assets and responsibilities. This stewardship includes the land on which we drill and produce natural gas, and the states, cities, towns and neighborhoods in which we conduct our business.

We supplement this good stewardship with our corporate checkbook, having contributed almost \$4 million in civic, educational and charitable giving during the past three years. In addition, we are personally involved in a large number of philanthropic initiatives locally and nationally. We believe Chesapeake's philanthropy is simply the right thing to do from both a moral and corporate self-interest perspective. Not only are our employees, vendors and investors proud of the way we make a difference in the lives of those around us, we are also welcomed in the many communities where we drill for and produce natural gas.



**“As part of our business strategy, we have also become an important source of good stewardship in the communities where we conduct business. In these communities, we are active philanthropically and operate in an environmentally responsible manner.”**



Finally, as scientists, policy-makers and businessmen debate the possible effects of potential global warming, which some argue could be partially caused by the increasing use of fossil fuels, we are proud to remind investors that Chesapeake is a “good guy” in this debate. We produce a valuable fuel that is in increasingly short supply, is domestically produced and therefore requires no military commitment to defend it and produces very few pollutants when burned. We look forward to natural gas increasing in value over time as policy-makers and consumers increasingly appreciate the many positive attributes of this versatile and valuable “wonderfuel” – clean-burning, domestically-produced natural gas.

### **LOOKING FORWARD WITH OPTIMISM**

As we conclude this letter and reflect on having delivered a 1,600% stock price increase to our shareholders during Chesapeake’s 12 years as a public company, we remain optimistic about the continued success of the company and our ability to continue delivering value to shareholders. We have built a strong foundation based on the commitment of 1,900 top-notch employees, a successful time-tested and focused business strategy, a value-added risk management program, a steadily improving balance sheet and increasingly valuable oil and natural gas assets. We also offer an entrepreneurial and experienced management team that has proven itself through a full range of commodity cycle challenges.

**“We remain optimistic about the continued success of the company and our ability to continue delivering value to shareholders... based on the commitment of 1,900 top-notch employees, a successful time-tested and focused business strategy, a value-added risk management program, a steadily improving balance sheet and increasingly valuable oil and natural gas assets.”**

We are off to a great start in delivering another successful year of performance to our shareholders in 2005. In the first three months of the year, we have already closed or negotiated \$1.0 billion of acquisitions, commenced drilling operations on approximately 375 new wells, established daily production records and reached a record level of proved reserves. U.S. natural gas prices continue to strengthen because of tightening supply/demand fundamentals in both U.S. gas and world oil markets. These supply/demand imbalances cannot be easily or cheaply fixed, and as a result, we believe the stage is set for an extended period of strong oil and natural gas prices.

In the 1990’s, low oil and natural gas prices greatly benefited energy consumers at the expense of energy producers and their shareholders. In contrast, this decade should result in the opposite outcome. In this environment, we believe Chesapeake will stay focused on leading the way in delivering exceptional shareholder value in 2005 and beyond.

Best regards,

Aubrey K. McClendon  
Chairman and Chief Executive Officer

Tom L. Ward  
President and Chief Operating Officer

April 15, 2005





# Operating Areas

10

CHESAPEAKE ENERGY CORPORATION ANNUAL REPORT 2004

## Area 1 Anadarko

*Chesapeake's most productive district is the Anadarko Basin, which is characterized by a wide variety of play types and depth ranges, including some of the most complex and prolific gas reservoirs in the U.S. Chesapeake's Buffalo Creek 1-17, with an EUR of almost 50 bcfe, highlights the potential of deep gas exploration in the Anadarko.*

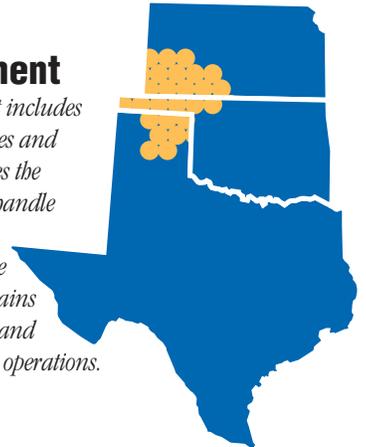
**2004 Total Production: 99 bcfe**  
**12/31/04 Proved Reserves: 1,173 bcfe**  
**12/31/04 Net Leasehold Acres: 565,000**



## Area 2 Northern Mid-Continent

*The Northern Mid-Continent district includes the Texas and Oklahoma panhandles and southwest Kansas. This area includes the nation's two largest gas fields, Panhandle and Hugoton. These fields have been prolific gas producers for more than 80 years and Chesapeake remains active in them today, drilling wells and pursuing production enhancement operations.*

**2004 Total Production: 33 bcfe**  
**12/31/04 Proved Reserves: 423 bcfe**  
**12/31/04 Net Leasehold Acres: 490,000**

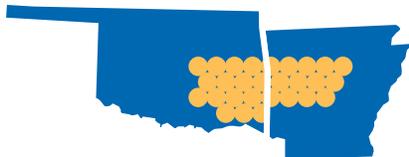




### Area 3 Northwest Oklahoma

The company's Northwest Oklahoma district focuses on the massive Sabara gas resource project. In this area, we have drilled more than 600 successful wells and have more than 2,500 undrilled locations remaining. Active in Sabara since 1998, Chesapeake is now the dominant operator with more than 800,000 net acres under lease in this multi-county area of excellent gas production.

**2004 Total Production: 57 bcfe**  
**12/31/04 Proved Reserves: 793 bcfe**  
**12/31/04 Net Leasehold Acres: 715,000**



### Area 4 Arkoma

The Arkoma Basin of eastern Oklahoma and western Arkansas is a very prolific gas basin. Chesapeake is targeting a variety of complex but promising overthrust geological targets in the southern portion of the basin. In the northern portion, we are pursuing shallow gas resource plays in the Caney and Woodford shales and in the Hartsborne Coal.

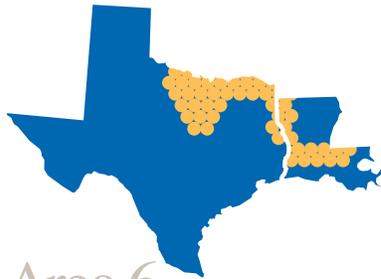
**2004 Total Production: 30 Bcfe**  
**12/31/04 Proved Reserves: 397 Bcfe**  
**12/31/04 Net Leasehold Acres: 450,000**



### Area 5 Southern Oklahoma

Chesapeake's Southern Oklahoma district encompasses some of Oklahoma's largest fields, dating back to discoveries in the early 1900's, and Chesapeake's earliest successes, such as the Golden Trend and Sholem Alechem. In addition, it is also home to some of the company's most currently active fields, such as Cement and Bray.

**2004 Total Production: 52 bcfe**  
**12/31/04 Proved Reserves: 697 bcfe**  
**12/31/04 Net Leasehold Acres: 365,000**



### Area 6 Ark-La-Tex

The Ark-La-Tex district includes Chesapeake's activities in the Cotton Valley, Hosston and other tight sand plays in East Texas and northern Louisiana. In addition, we have rapidly expanded our presence in the prolific Barnett Shale play south of Ft. Worth. Chesapeake is currently the third largest Barnett Shale gas producer among public independents in this exciting new area for the company.

**2004 Total Production: 20 bcfe**  
**12/31/04 Proved Reserves: 547 bcfe**  
**12/31/04 Net Leasehold Acres: 80,000**



### Area 7 South Texas and Gulf Coast

Chesapeake's Gulf Coast district includes Zapata County, which is Texas' #1 gas-producing county and where we are the #4 gas producer. This area also includes a number of counties along the Upper Texas Gulf Coast where we have established a significant presence. Throughout this district, we use 3-D seismic data to delineate potentially prolific structural and stratigraphic traps.

**2004 Total Production: 42 bcfe**  
**12/31/04 Proved Reserves: 390 bcfe**  
**12/31/04 Net Leasehold Acres: 370,000**



### Area 8 Permian

Chesapeake's largest district by area, the Permian Basin sprawls across west Texas into eastern New Mexico and is the focus area for much of the company's oil production. In addition, we are very optimistic about the potential of the company's deep gas exploration projects in the Deep Delaware portion of the Permian Basin.

**2004 Total Production: 30 bcfe**  
**12/31/04 Proved Reserves: 482 bcfe**  
**12/31/04 Net Leasehold Acres: 310,000**



# We're Focused All 1,900 of Us

**1989 (7)** Pat Goode, Cheryl Hamilton, Mark Lester, Kinney Louthan, Aubrey McClendon, Tom Ward & Patsy Watters **1990 (6)** Colley Andrews, Kevin Decker, David Higgins, Linda Peterburs, Cindi Williams & Jeff Williams **1991 (14)** Steve Dixon, Wes Kruckenberg, Steve Lane, Joe McClendon, Marilyn Pollard, Lori Ray, Debby Richardson, Patti Schlegel, Vivian Smith, John Striplin, Randy Summers, Julie Washam, Clarence Watts & Lu Ann Wernli **1992 (3)** Tom Price, Melanie Weaver & Ken Will **1993 (9)** Ralph Ball, Rodney Beverly, David DeSalvo, Rick Hughes, Charles Imes, Mike Johnson, Randy Pierce, Marc Rowland & Dave Wittman **1994 (23)** Barbara Bale, Martha Burger, Michael Coles, Ron Goff, Traci Gonzales, Duane Heckelsberg, Brian Imes, Darwin Knapp, Greg Knight, Dan LeDonne, Felipe Maldonado, Steve Miller, Tommy Morphew, Pat Pope, Bobby Portillo, Danny Rutledge, Stephanie Shedden, Arlene Shuman, Peggy Vosika, Ronnie Ward, Janet Weeks, Shelly White & Gerald Zgabay **1995 (40)** Richey Albright, Paula Asher, Eric Ashmore, Jack Austin, Randy Borlaug, Shelli Butler, Patti Carlisle, Leon Carmona, Ilan Cathey, Melissa Chambers, Dale Cook, Ken Davidson, Ted Davis, Mandy Duane, Kyle Essmiller, Steve Gaskins, Jennifer Grigsby, Cliff Hanoch, Gayle Harris, Mike Hazlip, Carol Holden, Henry Hood, Lorrie Jacobs, Mike Johnston, Jesse Langford Jr., Barry Langham, Cindy LeBlanc, Sandy Mathis, Leland Murray, Fred Portillo, John Qualls, Pat Rolla, Hank Scheel, Charles Scholz, Charlie Smith, Stan Stinnett, Brenda Stremble, Greg Weinschenk, Brian Winter & Jimmy Wright **1996 (44)** Heather Anderson, Judy Arias, Leslie Bross, Jamie Carter, Jasen Davis, George Denny, Tim Denny, Gary Dunlap, Laurie Eck, Jan Fair, Barbara Frailey, Sherry Freeman, Linda Gardner, Charlene Glover, Randy Goben, Jim Gomez, Melissa Gruenewald, Doug Johnson, Jim Johnson, Susan Keller, Taylor Kemp, Phyllis Kimray, Sandi Lagaly, Mike Lebsack, Steve Lepretre, Janet Lowrey, Larry Lunardi, John Marks, Carrol McCoy, Sondra McNeiland, Liz Muskrat, Angela Ports, Robert Potts, Buddy Powell Jr., Tommy Putz, Aaron Reyna, Kim Rogers, Bryan Sagebiel, Kurt Schrantz, Ricky Scruggs, Cheryl Self, Ken Turner, Joe Vaughan & Allan Waldroup **1997 (42)** Linda Allen, Karla Allford, Lauren Brunken, Steve Burns, Sara Caldwell, Tasha Chamberlain, Steve Cody, Kristine Conway, Randy Cornelsen, Michelle Cullen, Bruce Dixon, Greg Drwenski, Mark Evans, Joy Franklin, Terry Garrison, Rob Gilkes, Kim Ginter, Tony Gore, Shane Hamilton, Heidi Henry, Mike Horn, Eric Hughes, David Jones, Mike Ludlow, Sarah Lumen, Sam McCaskill, Bob Neely, Bob Pope, Erick Porter, Les Rodman, Ray Roush, Jolene Schur, Carolyn Simmons, April Smith, Wilma Smith, Rachel Thompson, Lynda Townsend, Frank Unsicker, Ivajejan Wallace, Craig White, Dori Williams & Curtis Williford **1998 (84)** Stephen Adams, Crae Barr, Francy Beesley, Joel Bennett, Leonard Berry Jr., Susan Bradford, Wade Brawley, Mark Brown, Randy Brown, Lori Budde, Ken Bynum, Terry Caldwell, Bob Campbell, Ted Campbell, Jesse Canaan, Sherri Childers, Jennifer Copeland, Frank Coshow, Carrie Crawford, David Craycraft, Cheryl Davis, Kim Doty, Iris Drake, Mac Drake, Don Dunn, Gary Egger, Steve Emick, Dan Estes, Gary Finn, Charles Floyd, Dennis Frick, Randy Gasaway, Stacy Gilbert, Gena Goodwin, Jim Gowens, Tana Griggs, Kelsey Hammit, Tresa Hammond, Jeff Harris, Debbie Hulett, Julie Ingram, Tammy Kelln, Rose Kim, Steve King, Mike Lancaster, Chris Lee, Randy Lee, Craig Madsen, John Marshall, Kim Massey, Allen May, Dennis McGee, Allen Miller, Bill Miller, Carey Milligan, David Mobley, Debby Morgan, Wes Myers, Bud Neff Jr., Kathy Nowlin, Don Pannell, Michael Park, Mandy Pena, Matt Rockers, Kelly Ruminer, Dan Scott, Greg Small, Bill Snyder, Jimmy Snyder, George Soto, Dan Sparks, Linda Steen, Becky Thomas, John Tracy, Jennifer Van Meir, Shelby VanWinkle, Rusty Walker, Sherry Walton, Lynn Whipple, Mandy Whipple, Mary Whitson, Sam Wilder, Tina Willingham & Lon Winton **1999 (33)** Jonathan Ball, Mel Barker, Sue Black, Tami Brody, Larry Coshow, Dory Douglas, Mark Edge, Jenny Ferguson, Jeanie Fuller, Dan Garvey, Susan Green, Yamei Hou, Doug Jacobson, Melissa Jarvis, Jim Kelley, Lynn Looper, Dea Mengers, Drew Miller, Mike Miller, David Murray, Steve Nath, Tammy Nguyen, Kimberly Oden, LaCosta Rawls, Michelle Rother, Tom Sharp, Larry Shipley, Brandy Sullens, Trish Thompson, Connie Turner, Courtney Tyson, Tonya Vallerand & Tobin Yocham **2000 (64)** Shellie Ashworth, Johnnie Bartlett, Doug Bellis, Jan Benton, Cynthia Bergren, Bobby Bolton Jr., Jeff Brooks, Mike Brown, Heather Burke, Tom Carroll, Becky Cassel, Rachel Clapp, Craig Conner, Kendra Copeland, Debbie Curtis, Keith Curtis Jr., Mark Deal, Jason Dye, Tammy Fields, Gregg Flaming, Pam Ford, Robin Gonzalez, Annie Hamilton, Mary Hartman, Twila Hines, Eric Hoffman, Ronnie Howell, Jennifer Jacques, Jim Kuhlman, Don Lee, Fred Lewis, Debbie Lloyd, Jay May Jr., Andrea McCall, Cindy McClintock, Collin McElrath, Greg McMahan, Courtney Moad, Georgia Moller, Nathan Morrison, Mecca Osban, Conrad Powell, Edward Puffinbarger, Nancy Richardson, Mike Sawatzky, Brent Scruggs, Vance Shires, Stuart Skelton, David Smith, Sandra Smith, Chantelle Sousa, Catherine Stairs, Jeff Stanford, Cindy Stark, Jerry Townley, Rob Underwood Jr., Maria Warrick, Nick Wavers, Brenda Wheeler, Scott White, Bob Whitman, David Whitten, Brent Williams & Bob Woodside **2001 (141)** Sharlot Abernatha, Jerry Aebi, Karen Albornoz, Jeremy Allison, David Anderson, Terry Ashton, Betsy Ball, Gloria Bates, Michelle Bender, Bruce Boeckman, Boyce Boelen, Sharon Bradford, Tom Brennan, Von Brinkley, Deanne Brooks, Marty Byrd, Carlos Caraveo, Biff Carter, John Carter, Keith Case, Marika Chambers, Kristi Clemmens, Tim Cloud, Kyle Cole, John Cook, Juanita Cooper, Jim Corsoro, Leigh Crain, James Cropp, Brian Cunningham, Garry Curry, Shawn Downey, Jeff Eager, Richard Easterly, Tommy Edler, Amanda Elam, Brian Exline, Kristin Fitzgerald, Alex Gallardo Jr., Matt Gambill, Karen Gardner, Velisha Garland, Roy Gentry, Michael Gilmore, Edward Gladden, Suzie Goolsby, Randy Grayson, Rick Green, Kajsa Greenhoward, Jackie Gross, Johnny Harris, Melanie Hayhurst, Shanon Henderson, Michael Hodges, Jeremiah Jackson, Krista Jacobson, Justin Johnson, Keith Johnson, Rob Jones, John Kapchinske, Ginna Kennedy, David Kidd, Edward Killen, Julie Knox, Daniel Koehn, Kennetta Lee, Jeff Lenocker, Julia Lillard, Darwin Lindenmuth, Steven Logue, Travis Long, Peter Manter, Rita Marple, Karl Marshall, Jim Mazza, Larry McCartney, Kenny McGuire Jr., Jim McHenry, Debbie McKee, Mick McMurphy, Don Messerly, Don Miller, Bobby Mitchell, J.C. Morris, Melinda Neher, Lee Nelson, John Nelson II, Kevin Newberry, Travis Newberry, Tim Newville, Deborah O'Neal, Daron Patterson, Ricky Petty, Dianne Pickard, Lloyd Puffinbarger, Catherine Ratliff, Lynn Regouby, Gina Romano, John Romine, Larry Ross, Steve Ross, Mike Rossiter, Don Rozzell, Lindsay Seaman, Heather Seaton, Larry Settle, Vanessa Shantz, Mike Shklar, Kristin Sipe, Lyndell Smelley, Johnnie Smith, Patrick Smith, Dee Smith Jr., Chris Sorrells, Dennis Splan, Jason Stamper, Cindy Stevens, Bill Stillwell, Gary Stoner, Howard Stout, Lisa Strackbein-Carlson, Tim Taylor, Jason Thaxton, Alvin Thomas, Rudy Thomas, James Thrash, Gene Vogt, Paul Waits, Larry Watters, Brian Weaver, Johnny White, Paige Whitehead, Jim Wilkinson, Connie Williams, Freda Williams, Dawn Wilson, Brandon Winsett, Marvin Winter Jr., Larry Woodruff, John Yelverton & Amanda Young **2002 (206)** Nicole Adams, Jenny Adkins, Roger Aldrich, Jimmy Alexander, Joann Arcidez, Stephen Armer, Brian Babb, Charlie Bagley, Megan Bain, Bob Baker, Lynard Barrera, Cindy Barrios, Shane Barron, Dennis Bass, James Beavers, Stephen Benham, Randy Bergen, Leonard Blackwill, Thomas Blanco, Paul Bowyer, Kathy Boyls, Troy Bradford, Robert Bradley, Don Bredy, Gaye Breedlove, Tammy Brewer, Lindell Bridges, Jim Brock, Cindy Brown, James Brown, Kathy Brown, Lynn Broyles, Jason Budde, Greg Burchett, Aaron Bush, Ernest Byrd, Steve Campbell, Cindy Carden, Chris Carter, Monica Chamberlain, Lori Chatterton, Paul Childers, Clint Cook, Jackie Cooper Jr., Cary Crusinberry Jr., James Davis, Kurt Davis, Cathy DeGiusti, Trent Delano, Larry Dill, Sherry Dixon, Christopher Dudgeon, Stephanie Dugan, Bryan Dunn, Jennifer Dunn, Eldon Eagan, Eric Edwards, Walker Edwards, Michael Falen, Mark Falk, Shawn Fields, Richard Fladeland, Tom Flesher, Viel Flores, Justin Foust, Melissa Franklin, Adam Gaskill, Robert Gill, Fred Gipson, Cornelio Gomez, Eleuterio Gomez-Martinez, David Gouker, Steve Hall, Melvin Harper, Heidi Havenstrite, Abe Henry, John Henry, Jarvis Hensley, Gordon Highfill, Sharon Hofegartner, Jerry Horner, John Hornsby, Debi Huff, Casey Hufford, Brent Huntsman, Ralayna

Hurley, John Hurst, Todd Ice, Rhonda Ingle, Bud Jackson, Jay Jarvis, Danny Jech, Jim Jinkins, Tamara John, Roy Johnson, William Johnson, Gary Johnson, Holly Johnson, Chris Jones, Joe Jones, Robin Jones, James Keathley, Michael Kee, Dax Kimble, Nancy Knox, Greg Kochenower, Jeremie Koehn, John Kutz, Spencer Land, Steve Larman, Ricky Laster, Sarah Ledgerwood, Casidy Lee, Ken Leedy, Paula Lillard, Stephen Lobaugh, Billy Long, Nickolaus Long, Shawn Marsh, Steven Martin, Richard Martinez, Randy Masters, Andrew McCalmont, Maureen McCollum, Dusty McDaniel, Mitch McNeill, Tim Meek, Lisa Meier, Richard Mieser, Nikki Miller, Steve Mills, Sidney Mitchell, Claudia Molina, Amber Morrison, Todd Murphy, Renee Nance, Cheryl Navarre, Jeff Newby, Doneeta Nowlin, Miguel Nunez, Rick Nunley, John Ortiz, David Parker, Robert Pennel, Lori Pettit, Ryan Phillips, Bob Portman, Eric Powell, Ashlyn Pratt, Mike Reddick, Ronald Reidle, Darrell Rice, Lisa Roberts, Martin Robertson II, A. D. Robison, Vern Roe Jr., Brandon Rutledge, Danny Schmidt, Kary Schneberger, Stacy Settles, Jeff Sharp, Dewayne Shaw, Michael Sherwood, Will Shisler, Jim Shoptaw, Steve Siler, Maria Sinclair, Mark Singleton, Greg Skiles, Chad Smith, Gayla Smith, Jesse Smith, Duff Snow, Josh Swift, Oscar Thiems, Diana Thompson, Leonard Thurber, Oleg Tolmachev, Chris Townsend, Michelle Townsend, Ryan Turner, Randy Tyler, Rodney Vaeth, Fred Vasquez, Ruben Vega Jr., Don Vermillion, Terra Walker, Al Warner, James Warner, Michael Weese, Hazel Welch, Leslie Wertz, Arlyn Whetstone, Eddie Whitehead, John Wilkin, Gary Willeford, Merrill Williamson, Mark Willson, Roy Wilson, Thomas Wilson, Jerry Wilson, Robert Wilson, Roger Wilson, Travis Wilson, Scott Winsor & Matt Wyckoff **2003 (341)** Ronnie Aaron, Pat Abl, Jennifer Anderson, Katherine Austin, Lisa Bagwell, Corky Baker, Jim Ball, Staci Barentine-Bogle, Charlie Bateman, Travis Bates, John Beall, John-Mark Beaver, Susannah Bebee, Mike Bechtel, John Biggs, Daniel Boatman, Victor Boatwright, Johnny Boland, Ed Borgers, Bruce Boyd, Tammi Bradford, George Bradley, Kim Brady, Serena Branch, David Brannen, Jerry Bray, Aron Bridges, Ronald Bromlow, Wilfred Broussard, Bryan Brown, Jeff Brown, Marla Brown, Kenneth Brunson, John Bullard, Bayley Burns, Cyndy Burris, Buster Burton Jr., Ara Bush, Lori Byrd, Tami Caldwell, Keith Cameron, Bob Campbell, Joe Campbell, Pat Carson, Gary Carter, Dennis Cerny, David Chisum, Andy Christensen, Mike Churchwell, Tony Clark, Michael Clinton, Todd Coates, Matthew Colbert, Karen Cook, Tom Corley, Shannon Cowdin, Bryan Cox, Michele Cox, Brian Cox Jr., Michael Cramer, Ann Croan, Jarod Cunningham, Kenneth Davis, John Davis, Jon Davis, Sheron Davis, Ryan Dean, Santiago Diaz III, Nolan Dickason, Scott Dickson, Dennis Dix, Derek Dixon, Theo Djimpe, Steve Donley, Sharon Dries, Shanon Dunlap, Jody Dunn, Gary Durkee, Jack Elliott, Jimmy Embery, Charlene Ernest, Keith Ervin, James Evans, Tarah Fagen, Jim Fansher, Ursula Faus, Carol Fehrenbacher, Mark Ferbrache, Jeff Fisher, David Flies, Mitch Floresca, Tommy Foust, T. R. Fox, Justin Froehlich, Edd Gabbart, Fred Gagliardi, Tim Gallegly, Adam Gardner, Brenda George, Travis George, B.K. Gibson, Kenneth Gideon, Dana Ginanni, John Gist, Randy Gladden, David Godsey, Kellie Good, Jeff Gorton, Liz Gotcher, Jim Govenlock, Michael Gregg, Larry Grey, Jimmy Haddick, Pablo Hadzeriga Jr., Paul Hagemeyer, Michael Hall, Buck Hall, Cameron Han, Ronnie Haney, Jessie Hardin, Jackie Harrell, Graham Harris, Lisa Harris, Roger Harrod, Heather Hastie, Rich Hearst, Robert Hendley, Pancho Hendricks, Tara Henry, Joshua Hensal, Glen Hensley, Sue Ann Henthorn, Catherine Hester, Bryan Higgins, Terry Hodgson, John Hogan, Lanny Holman, Misty Holtgreffe, Paul House, Brian Howard, Roy Howe, Donna Huff, Dee Hummel, Rosie Hutton, Marcia Hyde, Angela Ingargiola, Janet Ingham, James Inman, John Jackson, Andrew Jarrett, Dave Johns, Greg Johnson, Rodney Johnson, Tommy Johnson, Alison Jones, Joseph Kennedy, David Kerrigan, Melissa Ketchum, Joe Kidwell, Danny King, Melvin Kingcade, Corey Kinnaman, Julie Kirk, Matthew Klaassen, Jennifer Knott, David Krueger, Charlie Kusiak III, Lester Lackey, Candace Lagere, Pete Lane Jr., Jeff Lasater, Al Lavenue, Kathy Leasure, Glen Ledbetter, Dustin Lenhart, Kerry Letourneau, Nick Little, Dustin Locke, George Loman, Clint Lord, Jason Lowrey, Jack Lowry, Sergio Lujan, Shane Lukasek, Sharon Luttrell, Lewis Lynch, Mark Mabe, Allen Mandrell, Clayton Manhart, Jeremy Marple, Shelly Martin, Alfredo Martinez, Andy Martinez, Alex McCalmont, Reid McCarty, Paul McColgan, Jay McGuffee, Kenneth McGuire Sr., Carol McKenzie, April McKnight, Ryan Meacham, Randy Mefferd II, Eddie Merkel, R.T. Miller, Brent Mills, David Mills, Jay Monroe, Johnny Montano, Alfredo Montiel, Lucretia Morris, Huey Morton, Cody Moss, Larry Mossman, Chad Moudy, Paul Munding, Jeff Nelson, Maureen Nelson, Scott Newell, Earl Newkirk, Jason Nichols, Christopher Nixon, Jane Ann Norris, Tal Oden, Menecca Oliphant, Tony Olivier, Rena Owen, Tara Owens, Ashley Paine, Amy Palumbo, Tobin Paris, Nancy Parker, Gary Parks, Gale Parman, Randy Patterson, Charles Patterson II, Kevin Patton, Donnie Patton Sr., Andrea Patzkowsky, Michael Phillips, Ronnie Pitts, Brent Pletcher, Esta Pletcher, Jerry Preston, Susan Radatz, Regan Raff, Ken Rechlin, Wes Redding, Bart Reece, Jim Reisch, Dana Richards, Mindi Richardson, Travis Riffle, Kent Roberts, Matt Roberts, Jody Robertson, Anita Robinson, Joey Rockett, Kristen Rogstad, Doug Romero, Monica Rowell, Alisha Rusher, Mark Russo, Beverly Sampson, Larry Savage, Jennifer Scarbrock, Bob Schmicker, Michael Schmidt, Dave Schoonmaker, Kim Scott, Kily Seaman, Kari Shaffer, Keith Shahan, Clay Shamblyn, Aaron Siemers, Jen Sims, John Slagell, Kam Smalts, Jaime Smith, Stacy Smith, Eric Sommerhauser, Joe Southern Jr., Blake Stacy, Johnny Stanford, Joyce Stanmire, Scott Stearman, Lena Stegall, Rick Stong, Luke Strickland, Tommy Stuart, Chad Stuteville, Michelle Surratt, Blake Surrell, Kelsey Swinford, Danielle Sydnor, Tom Taylor, Amber Thomas, Julie Thomas, Chevy Thomason, Donna Thompson, Joanne Thompson, Natalie Tigert, Jerry Todd, Scottie Trejo, Karen Trowbridge, Kristina Underwood, Seth Unruh, Jon Vanburen, Julio Vasquez, Larry Ventris, Johnny Voth, Buddy Wade, Keith Wagon, Marty Wall, Forest Wallace, Josh Wangler, Wade Wardlow, Brad Watkins, Noel Way, Michelle Webster, Angela Weeks, Dan Welch, David Wernli, Kristi White, Amanda Wilkins, Chase Williams, De Ann Williams, Judy Williams, Nicole Williams, David Willis, Bill Wince Jr., Martin Wise, Ali Wolf, Tracey Woodruff, James Worsham Jr., Todd Wright, Kelly Young, Linn Yousey & Lori Zang **2004 (607)** Justin Adams, Kyle Adams, Brenda Adams, Greg Adams, Matt Adams, Carol Adler, McKenzie Akin, Gary Allen, Stephanie Allsbury, Tim Andrews, Chad Anton, Natalie Atkinson, Brian Awbrey, Ronald Babers, Kristi Bacon, Jeffrey Bailey, Trevor Baird, Bobby Baker, Emily Balasko, Dorman Ball Jr., Dorman Ball Sr., Jeff Ballard, Eric Barbee, Paul Baresel, Tina Barnhill, Joe Barnwell, Jennifer Barrett, Damon Beasley, Geoff Beaulieu, Heather Beckham, Kenneth Bell, Terrye Bell, Daniel Bellows, Jessica Billingsley, Elizabeth Black, Cindy Blair, Curtis Blake, Tiffany Blalock, Lorraine Blanchard, Kelsey Blenden, Bradley Blevins, Lee Blevin, Kathy Blick, Aaron Bloedow, Courtney Blood, Deborah Bond, Brian Booker, Tad Boone, Kristin Bottom, Thomas Boucher, Angela Boulware, David Bowes, Jennifer Bradford, Darrel Branson, Rudy Bravo Jr., Avis Bray, Jeff Bray, Roxi Brill, Dustin Brinkley, Jeff Brinlee, Terri Bristow, Darren Brittain, Mark Broaddus, Anita Brodrick, Donald Bromlow, Brad Brown, Christie Brown, Daniel Brown, Diana Brown, Harlan Brown, Jason Brown, Pamela Brown, Pam Brown, Ronnie Brown, Travis Brown, Aaron Buchanan, Craig Buck, Jackie Burks, Josh Burris, Tim Butkus, Amber Butler, Juan Calbillo, Mike Campbell, Christopher Cantrell, Randy Cantwell, Danny Carter, Larry Carter, Francis Carullo Jr., Lupe Castro, Jana Cathers, Johnny Charlson, John Chester, Michael Chester, Yong Cho, Tony Churchill, Cherokee Clark, Jason Clark, Justin Clark, Kaycee Clark, Jimmie Clements, Carolyn Coble, Richard Coffey, Brenda Coffman, Kyla Coker, Rich Colbert, Paul Coleman, Krista Collier, Craig Collins, Andrea Conner, Hershel Conrad, Timothy Cook, Ken Copeland, Drew Cornett, Melissa Costello, Danielle Costilla, Cole Courson, Jami Crain, Patrick Crain, Sharon Crain, Cliff Crawford, Tim Crissup, Michael Crouch, Justin Cruse, Liz Culp, Cathy Curtis, Ryan Curtis, Glenn Cushenbery, Clint Daily, Tiffany Daily, Roger Davis, Jennifer Davis, Kasey Davis, John Day, Robbie Dean, Bill Dehart, Luke Del Greco, David Delao, Gary Diamond, Misty Dickson, Kelly Dobbs, Johna Dodson, Kirk Dougherty, Elizabeth Drake, Dustin Drew, Keith Dudley, Chuck Duginski, Lorrie Dunn, Howard Dutton, Kyle Dutton, Amy Duvall, Paul Eagan, Chad East, Penny Elkins-Johnson, Peggi Elliott, Brian Ellithorp, Julie Erickson, Jonathan Esparza, Carlos Evans, Robin Evans, Sheila Even, Ron Everett, Libby Fanning, Erik Fares, Fred Ferbrache, Marc Ferguson, Dustin Fick, Jeremy Finefrock, Andrea Finklea, Jeff Finnell, Jarod Fite, Andrea Fleig, Walter Fletcher, Lora Florez, Amber Foote, Tommy Ford Jr., Jennifer Foster, Anville Francis, Linda Fries, Terry Frohnafel, Ronald Garbizo, Marco

Garcia, Austin Gard, Denise Garlick, Gary Garrison, John Garrison, Guy Gaskill, Paul Geisinger, Jill Gelvin, Erin Gibbons, Krista Gibbs, Ronnie Givens, Josh Glancy, Christina Glenn, John Glynn, Dean Godfrey, Jason Goff, Alfred Gomez, Pedro Gonzales, Richard Gonzales, Linda Good, Nathan Goodwin, Michael Goossen, Michael Gorman, Chris Goss, Edward Grady, Jennifer Granger, Jimmy Gray, Angie Green, Suzanne Green, Coty Greer, Bonnie Griggs, Sam Groves, Nathan Grube, Barbara Guinn, Mark Hadlock, Victor Haley, Heather Hall, Norman Hamilton, Kris Hamilton, Mark Hamilton, Justin Hammontree, Katy Hampton, Rachael Hanoach, Andrew Hanscom, Austin Hardcastle, Joel Harris, Robert Hart, Heath Hartley, Linda Havrilla, Heather Hawkins, Mike Hawkins, Vance Hefley, Janet Henderson, Rebecca Henderson, Ty Hendrix, Tim Henley, Chris Henry, Francisco Hernandez, Jose Hernandez, Randy Herring, J. D. Hertweck, Holly Hicks, Alvin Highfill, Kevin Hill, Kristen Hill, Kasey Hines, Danny Hink, Randy Hodge, Buz Holloway, Kingsley Holmboe, Latania Holt, Kathy Horn, Alan Horton, Doug Howeth, Will Hubbard, Kendal Huber, Sammy Huff, Dan Huffman, Kristy Humphrey, Lauren Humphrey, Keith Hunt, Randi Husser, Cristy Hutchens, Adam Hutchinson, Mark Hylton, David Jackson, Jamie Jackson, Randy Jackson, John James, Tim James, Jeff James, Ryan Jameson, Jayson Janes, Amanda Jeantet, Ricky Jeffries, Sam Johnson, Steven Jones, Jeff Jones, Shelley Jones, Cody Kays, John Keeling, Shamara Keith, Lindsay Keller, Earnest Kelough, Bobby Kepley III, Bill Kerby, Jennifer Kern, Robbie Ketch, Melinda Kieke, Johnny Kilpatrick, David Kimmel, Neal Kincade, Kizzy Kirk, Michael Kirtley, Steve Kistler, Jason Kneedy, Brenda Knight, Brett Knight, Josh Komarek, Matt Kopf, Pam Koscinski, John Kucewicz Jr., Michael Kutz, Daniel LaBean, Jon LaFevers, Shaun Lambert, Steve Landry Jr., Leslie Lanier, James Lardner, Donnie Latham, Susie Lear, Stephen Lewallen, Cory Lewis, Jason Lierle, Brent Lightsey, Melvin Like, Darwin Lime, Curt Locklar, Heath Loftin, Richard Loftin, Dorothea Logan, Marla Logan, Vernell Logwood, Jesse Long, Harold Lopez, Mark Lord, Jackie Lovell Jr., Aaron Loyd, Justin Lucas, Gabe Luttrell, Dan Lynch, David Lynn, Luke Lyons, Jarlon Magee, Stanley Major, Regan Maness, Shannon Mantooth, Michael Marker, Tara Martin, Requelio Martinez, Tito Martinez, Lolo Martinez, Jaime Maxwell, Matt Mayhew, Bill McBrayer, John McCartney, Anthony McCarty, Steve McClary, Kelly McConnell, Larry McCoy, Duane McDowell, Mike McGinnis, Donna McGriff, Darrell McGuire, Lynn McGuire, Natalie McNeil, Ryan McNeil, Theresa McNulty, Johnathan Meeks, Cliff Merritt, Matthew Milledge, Angel Miller, Pat Mills, Sheldon Mills, James Minick, Rodolfo Molina, Elton Monroe, Kendra Monroe, Penny Montgomery, Dana Moore, Steve Moore, Adria Morgan, Sim Morgan, Jimmy Morris, Bill Moseley, Elisa Mount, Beth Mullenix, Mark Murray, Tim Murray, Chuck Myers, Todd Nance, Steven Nash, Michael New, Nick Newland, Rich Newton, Bird Nightwalker, Jennifer North, Greg Northern, Mathew Nowlin, Alfred Nye, Lindsay Oakes, Brittney O'Kelley, Karyn Olschesky, Timothy Olson, Shery Orahoad, Jacy Osburn, Jim Owen, Steven Owen, Lindsey Pargeter, Michael Parker, Glenn Parker, Ryan Parman, Walter Patten, Deone Pearcy, Chris Pennel, Raymond Perez, Dwain Peterson, Pete Peterson Jr., Terry Phillips, Mandi Phillips, Randy Pierce, Diana Pierre, Stacie Pinion, Cody Pitts, Dennis Plemons, Keitha Plumlee, Stephen Plunkett, Joel Porter, Bryan Potter, Janae Power, Joe Prather, Dustin Presgrove, Calvin Pressley, Kelly Price, John Priest, Flo Prieto, Josh Purcell, Odie Quigley, Shelly Quimby, Rickey Rackley, Cary Ragsdale, Loren Raley, Brad Ralstin, Juan Ramirez, Jeff Ramsdell, Tom Reasnor, Shannon Reed, Ken Reed Jr., Paul Reinschmidt, Christopher Remmert, Melanie Renfrow, Doug Reuss, Jack Rhine, Dusty Rhoads, Jerry Rhymes, Joe Richardson, Walter Richter, Anji Riddle, Dale Riddle, Renee Riebe, John Rieger, Tina Riggs, Debbie Risinger, Debbie Ritter, Dustin Roadifer, Gary Robbins, Steven Roberts, Bill Roberts, Justin Robertson, Oscar Rodriguez, Zac Rodriguez Jr., Chip Roemisch Jr., Barbara Rolan, Melissa Romine, Keith Rose, Marcus Rose, Dick Rosencrans, Kelly Rother, Jay Ryel, Ricky Salinas Jr., Mary Ann Sanders, Ford Sanger, Larry Satterfield Jr., Perry Scheffler, Peter Schieffler, Clark Schneberger, Brandon Schreck, Buck Scifres, Terry Scifres, Joel Scott, John Seldenrust, Juan Serna, Steve Serna, Auggie Setiadarma, Sheri Sewell, Shea Seybold, John Sharp, Jack Shaver, John Sheffield, Paul Shelite, Gene Shepard, Kyle Shipley, Paul Skelton Jr., Stacy Slater, Julie Slaton, Kirsten Smedley, Jeffrey Smith, Clay Smith, Evelyn Smith, Jeremy Smith, Mark Smith, Monte Smith, George Sneed, Jewel Sneed, Heather Snider, Shay Snodgrass, Kevin Snyder, Danielle Spence, Gail Spencer, Robert Sperandio, Terry Stafford, Samuel Staggs Jr., Daryl Stallings, Steve Steadham, Joe Stewart, Pete Stewart, Jacob Stillwell, Neal Stinson, David Stone, Travis Stout, John Stoute Jr., Tom Stovall, Bob Streeter, John Striplin, Jason Sutterfield, Norman Swinney, Mark Syzmore, Barry Tarman, Joseph Tarver, Bob Tate, Tim Taylor, Ray Taylor, Lonnie Tegar, Jon Terrell, Gerald Thomas, Randall Thomas, Renee Thomas, Robert Thompson, Kelly Thomsen, Ryan Thomsen, Tori Tiffie, Cathy Tompkins, Dennis Trammell, Alene Tran, Teresa Tran, Tom Treece, T.J. Treece IV, Billy Trent, Ignacio Trevino Jr., Lucy Trotter, Karl Troutman, Jon Trushenski, Vickie Tucker, Mike Turner, John Uhlenhake, Billy Uptigrove, Liz Valerio, Sheldon Van Buskirk, Mike Vanbuskirk Jr., Amanda Vargas, Marco Vignali, Aaron Vrbenc, Phillip Wakefield, Jud Walker, Jim Walters, Fred Wanker, Bryce Ward, Keith Washington, Chancey Watts, Cindy Wegener, Kyle Welcher, Mike Whitefield, Patrick Whitman, Dustin Whitmore, Mike Wiberg, Tom Wible, Jackie Wicks, Andy Widmer, Leon Wildman, Staci Wilkinson, Stephen Williams, Ann Williams, Randy Williams, Antoine Wilson, Kelly Wilson, Tyler Wilson, Dave Winchester, Robb Winfield, Desiree Witthuhn, Jeff Wolf, Justin Wollenberg, Jerry Womack, Dana Woo, Carla Wood, Craig Woodruff, Harold Wooley, Landon Worth, Jill Wray, Jennifer Wyatt, Jose Yanez, Frank Ybarra, Mark Yeisley, Becky Young, Josh Young, David Zerger & Steve Zmek **2005 (212 through 3/31/05)** Robert Adams, Bill Allbright, Cindy Allen, Kristi Anderson, Dawn Arismendez, Rebecca Avant, Brian Bailey, Juanita Baker, Mills Bale, Cody Barton, Scott Banks, Daniel Beckham, Kenneth D. Bias, Kenneth J. Bias, Andrew Black, Alisa Blevins, Dot Blythe, Leonard Boeckman, Jr., Lori Bohnstedt, Jess Bradford, Everett Bradley, Del Brazeal, Curtis Bridges, Dennis Brock, Brent Bromlow, Donna Brown, Billy Brumley, Troy Buckley, John Burns, Sammy Carico, Jr., Shannon Carrion, Jackie Carroll, Dane Clanton, Rip Clary, J.C. Coleman, Lance Coots, Curtis Corcoran, Steve Coshow, Ray Cotten, Geron Cottam, A.J. Cox, Wendi Cramer, Bo Daniel, Donald Davey, Bryce Davis, Scott Delaney, Karl Dexter, Amber Eichler, Robert Elliott, Connor English, Heather Estes, David Eudey, Stacey Evans, Jason Fournier, Scott Freeman, Dennis Gagliardi, Michael Gallo, Beau Galloway, Justin Gammon, Jessica Garrett, Loretta Gibelyou, Josh Gibson, Amy Giles, Russ Ginanni, Billy Goddard, Sr., Paula Grace, Jay Gray, Brady Greer, Denver Griffith, Cecil Gutierrez, John Gwynn, Desiree Hackney, James Hale, Jennifer Hall, Bridgette Hall, Marcus Hall, Dawn Hamilton, Herbert Harris, Lee Hart, Gaylon Havel, Katrina Hazelbaker, Debbie Hernandez-Yanez, Vernon Hester, Donna Hilderbrandt, Mike Hill, Heather Hilliard, Teresa Hodges, Ray Holden, Joann Horn, Quentin Horn, Sonny Htoon, Christine Hughes, Christopher Hull, Bryan Jackson, Kris Janzen, David Jones, Jack Joyce, Gina Karber, Bobby Kelley, Gabriel Kern, Brad Knight, Kim Kremer, Meri Lackey, Leroy Lane, Sherman Largent, Eric Lasseter, Mike Laue, Randall Lawson, Tatum Layman, Shannon Lenhart, Al Leyva, Coby Lippencott, Michael Lovelace, David Manley, Amy Marburger, Jace Marshall, Mack Matthews, Dax McCauley, Nathan McCloskey, Amy McElvane, Will McFadden, Dan Melcher, Bruce Melton, Oscar Mendoza, Steven Michael, Clay Midkiff, Mark Miller, Jeff Miller, Brittany Mincey, Jennie Montgomery, Jim Moore, Israel Morales, Martin Morales, Marten Mullens, Sean Murphy, Justin Murray, Toby Neves, Bernard Nguyen, Curtis Nixon, James Nunley, Jerry O'Bleness, William O'Daniel, Michael Odom, Byron Orange, Lance Paris, Toni Parks-Payne, Trisha Pate, Kimberly Pempin, Michael Phillips, Billy Pillars, Jared Pounds, Lauren Powell, Lynn Powell, Richard Preston, Martin Province, James Rafferty, Milton Ralston, Keith Rasmussen, John Ray, R.J. Retzer, Nate Reutotat, Marcy Reynolds, Ray Rice, Chad Rickobson, John Robinson, Pedro Rodriguez, Kristin Rose, Gary Russell, Clifford Sanborn, Jason Sarakatsannis, Doug Schmidt, Clint Scott, David Sheffield, John Shifflett, Kurt Smith, Hopper Smith, Deby Snodgrass, Ronald Snyder, Kent Sparks, Ryan Spears, Jeffrey Springer, Jack Stockton, Travis Sullivan, Sally Sunday, Jim Tampke, Mike Tarpley, Amanda Terry, Jamie Thomas, Jackie Tillery, Scott Truesdale, Traci Underkoffler, Cindy Vandeventer, Lupe Villarreal, Brian Vogel song, Lori Vreeland, Sandra Wagoner, Benny Wallace, Beau Ward, Brian Wasinger, Vickye Watson, Luke Watson, Ginny Webb, Lee Wescott, Larry White, Dan Whitmarsh, Nancy Williams, Michelle Wilson, Tracy Wise, Troy Wolf, Jon Wright and Sharon Wright.

# Officers



**Martha A. Burger**  
Treasurer and Senior  
Vice President  
*Human Resources*



**James C. Johnson**  
President  
*Chesapeake Energy  
Marketing, Inc.*



**Thomas S. Price, Jr.**  
Senior Vice President  
*Corporate Development*



**Steven C. Dixon**  
Senior Vice President  
*Production*



**Michael A. Johnson**  
Senior Vice President  
*Accounting, Controller and  
Chief Accounting Officer*



**Marcus C. Rowland**  
Executive Vice President  
*Chief Financial Officer*



**Henry J. Hood**  
Senior Vice President  
*Land and Legal*



**J. Mark Lester**  
Senior Vice President  
*Exploration*



**Thomas L. Winton**  
Senior Vice President  
*Information Technology and  
Chief Information Officer*



**Douglas J. Jacobson**  
Senior Vice President  
*Acquisitions and Divestitures*



**Stephen W. Miller**  
Senior Vice President  
*Drilling*

# Directors

**Frank Keating**  
President and CEO  
American Council of Life Insurers  
Washington, DC

**Breene M. Kerr**  
Private Investor  
Easton, MD

**Aubrey K. McClendon**  
Chairman of the Board and  
Chief Executive Officer  
Oklahoma City, OK

**Charles T. Maxwell**  
Energy Market Strategist  
Weeden & Co.  
Greenwich, CT



CHK Directors ring the opening bell at New York Stock Exchange March 4, 2005.

**Shannon T. Self**  
Partner  
Commercial Law Group, P.C.  
Oklahoma City, OK

**Tom L. Ward**  
President and  
Chief Operating Officer  
Oklahoma City, OK

**Frederick B. Whittemore**  
Advisory Director  
Morgan Stanley  
New York, NY

**Don Nickles**  
Founder and Principal  
The Nickles Group  
Washington, DC

(Not pictured)

**E. F. Heizer, Jr.**  
Director Emeritus  
Chicago, IL

# Corporate Governance

Our Board of Directors is responsible to our shareholders for the oversight of the company and for the implementation and operation of an effective and sound corporate governance environment. We believe that effective corporate governance contributes to long-term corporate performance. An effective governance structure should reinforce a culture of corporate integrity, foster the company's pursuit of long-term strategic goals of growth and profit and, most importantly, ensure quality and continuity of corporate leadership. Our directors will continue to be diligent in their efforts to preserve the public trust while fostering the long-term success of the company.



## Glossary

**Bbl** One stock tank barrel, or 42 U.S. gallons liquid volume, used herein in reference to crude oil or other liquid hydrocarbons.

**Bcf** Billion cubic feet of natural gas.

**Bcfe** Billion cubic feet of natural gas equivalent.

**DD&A** Depreciation, depletion and amortization.

**Developed Acreage** The number of acres which are allocated or assignable to producing wells or wells capable of production.

**Development Well** A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

**Dry Hole or Dry Well** A well found to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

**EUR** The estimated ultimate oil and natural gas recovery from a well.

**Exploratory Well** A well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir, or to extend a known reservoir.

**Finding Costs** The capital costs associated with finding and developing oil and gas reserves.

**Formation** An identifiable single geologic horizon.

**Fracture Stimulation** Action taken to increase the inherent productivity of a prospective formation through the hydraulic injection of water, diesel or CO<sub>2</sub> at high rates.

**Full-Cost Pool** The full-cost pool consists of all costs associated with property acquisition, exploration, and development activities for a company using the full-cost method of accounting. Additionally, any internal costs that can be directly identified with acquisition, exploration and development activities are included. Any costs related to production, general corporate overhead or similar activities are not included.

**G&A Expenses** General and administrative expenses.

**Gross Acres or Gross Wells** The total acres or wells, as the case may be, in which a working interest is owned.

**Horizontal Wells** Wells which are drilled at angles greater than 70 degrees from vertical.

**Increased Density** A well drilled in addition to the number of wells permitted under normal spacing regulations to accelerate recovery or prevent loss of reserves.

**Independent Producer** A nonintegrated producer of oil and gas with no refining or retail marketing operations.

**Lease Operating Expenses (LOE)** The costs of maintaining and operating property and equipment on a producing oil and gas lease.

**Mbbls** One thousand barrels of oil.

**Mcf** One thousand cubic feet of natural gas.

**Mmcf** One million cubic feet of natural gas.

**Mmcfce** One million cubic feet of natural gas equivalent; a unit of measurement which combines oil, natural gas liquids and natural gas. Oil and natural gas liquids are converted to natural gas based upon their relative energy content at the rate of 6 mcf for each barrel of oil or natural gas liquids.

**Net Acres or Net Wells** The sum of fractional working interest owned in gross acres of gross wells.

**Operating Costs** The sum of lease operating costs, production taxes and G&A expenses.

**Payzone** The producing formation of a well.

**Present Value (PV 10)** When used with respect to oil and gas reserves, present value is the estimated future gross revenue to be generated from the production of proved reserves, net of estimated production and future development costs, using prices and costs in effect at the determination date, without giving effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expense, or to depreciation, depletion and amortization, discounted using an annual discount rate of 10%.

**Productive Well** A well that is producing oil or natural gas or that is capable of production.

**Proved Developed Reserves** Reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

**Proved Reserves** The estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

**Proved Undeveloped Location** A site on which a development well can be drilled consistent with spacing rules for purposes of recovering proved undeveloped reserves.

**Proved Undeveloped Reserves** Reserves that are expected to be recovered from new wells drilled to a known reservoir(s) on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

**Reserve Life** The term in years required to deplete the company's proved oil and gas reserve base on current production rates.

**Royalty Interest** An interest in an oil and gas property entitling the owner to a share of oil or gas production free of costs of production.

**Tcf** One trillion cubic feet of natural gas.

**Tcfe** One trillion cubic feet of natural gas equivalent.

**3-D Seismic** Advanced technology method of detecting accumulations of hydrocarbons identified by the collection and measurement of the intensity and timing of sound waves transmitted into the earth as they reflect back to the surface.

**Undeveloped Acreage** Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether such acreage contains proved reserves.

**Unproved Reserves** Reserves that are not proven, often referred to as probable or possible reserves.

**Working Interest** The operating interest which gives the owner the right to drill, produce and conduct operating activities on the property and a share of production.

# Corporate Information

## Stock Price Data

2005	High	Low	Last
First Quarter	\$23.65	\$15.06	\$21.94

2004	High	Low	Last
Fourth Quarter	\$18.31	\$15.17	\$16.50
Third Quarter	16.24	13.69	15.83
Second Quarter	15.05	12.68	14.72
First Quarter	13.98	11.70	13.40

2003	High	Low	Last
Fourth Quarter	\$14.00	\$10.66	\$13.58
Third Quarter	10.97	9.17	10.78
Second Quarter	11.45	7.45	10.10
First Quarter	8.64	7.27	7.86

## Stock Split History

December 1996: two-for-one  
June 1996: three-for-two  
December 1995: three-for-two  
December 1994: two-for-one

## Trustee for the Company's Senior Notes

The Bank of New York  
101 Barclay Street, 8th Floor  
New York, New York 10286

## Internet Address

Company financial information, public disclosures and other information are available through Chesapeake's website at [www.chkenergy.com](http://www.chkenergy.com).

## Common Stock

Chesapeake Energy Corporation's common stock is listed on the New York Stock Exchange under the symbol CHK. As of March 31, 2005, there were approximately 150,000 beneficial owners of our common stock.

## Common Stock Dividends

During 2004, the company paid a cash dividend of \$0.035 per share on January 15 and April 15 and \$0.045 per share on July 15 and October 15.

## Corporate Headquarters

6100 North Western Avenue  
Oklahoma City, Oklahoma 73118  
(405) 848-8000

## Independent Public Accountants

PricewaterhouseCoopers LLP  
6120 S. Yale, Suite 1850  
Tulsa, Oklahoma 74136  
(918) 524-1200



## Stock Transfer Agent and Registrar

Communication concerning the transfer of shares, lost certificates, duplicate mailings or change of address notifications should be directed to the transfer agent.

UMB Bank, N.A.  
928 Grand Blvd.  
Kansas City, Missouri 64106  
(816) 860-7786 or (800) 884-4225

## SEC and NYSE Certifications

The Form 10-K, included herein, which was filed by the Company with the Securities and Exchange Commission (SEC) for the fiscal year ending December 31, 2004 includes as exhibits, the certifications of our Chief Executive Officer and Chief Financial Officer required to be filed with the SEC pursuant to Section 302 of the Sarbanes-Oxley Act. The Company has also filed with the New York Stock Exchange (NYSE) the 2004 annual certification of its Chief Executive Officer confirming that the Company has complied with the NYSE corporate governance listing standards.

## Forward-Looking Statements

*This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give our current expectations or forecasts of future events. They include estimates of oil and gas reserves, expected oil and gas production and future expenses, projections of future oil and gas prices, planned capital expenditures for drilling, leasehold acquisitions and seismic data, and statements concerning anticipated cash flow and liquidity, business strategy and other plans and objectives for future operations. Disclosures concerning the fair value of derivative contracts and their estimated contribution to our future results of operations are based upon market information as of a specific date. These market prices are subject to significant volatility. Our production forecasts are dependent upon many assumptions, including estimates of production decline rates from existing wells and the outcome of future drilling activity.*

*Although we believe the expectations and forecasts reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under "Risk Factors" in item 1 of our 2004 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 9, 2005. They include the volatility of oil and gas prices; adverse effects our level of indebtedness could have on our operations and future growth; our ability to compete effectively against strong independent oil and gas companies and majors; the availability of capital on an economic basis to fund reserve replacement costs; uncertainties inherent in estimating quantities of oil and gas reserves and projecting future rates of production and the timing of development expenditures; our ability to replace reserves and sustain production; uncertainties in evaluating oil and gas reserves of acquired properties and associated potential liabilities; unsuccessful exploration and development drilling; declines in the values of our oil and gas properties resulting in ceiling test write-downs; lower prices realized on oil and gas sales and collateral required to secure hedging liabilities resulting from our commodity price risk management activities; and drilling and operating risks.*

*We caution you not to place undue reliance on these forward-looking statements, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures made in this report and our filings with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business.*